

American Recovery and Reinvestment Act State Energy Program Massachusetts' Planned Activities

Massachusetts stands ready to put the full \$54.9 million allocated to the State Energy Program to work quickly and productively. We are working to multiply federal SEP funds by a factor of 2 to 4 times using private sector and other funds, enabling us to advance \$250 million of energy projects. We are committed to have all of these funds put to work employing people within 6 months of receipt and estimate that direct new employment will range between 1500 and 2000 within 6 months.

Over the last several months, the Massachusetts Department of Energy Resources (DOER) has identified the following activities based on input from a range of public and private stakeholders. This process has generated a well-vetted list of 258 energy projects at state facilities ready to be implemented within 6 months which reflect an investment of \$1.16 billion. Similar scale and scope of work exists at cities and towns as well as has and is being surfaced from the private sector. While activities are ready to move forward quickly, DOER expects some changes in planned activities in the coming weeks as we work to ensure that recovery funds are used most effectively.

Massachusetts' planned activities build on a long track record on energy efficiency and renewable energy in the public and private sector, going back to the 1980s but invigorated substantially under the leadership of Governor Patrick. As of last year, our clean energy sector was the fastest growing sector in the state with 20% growth over the previous year. Massachusetts' experience and capacity ensures that we will successfully complete the planned activities identified below.

Planned activities are being chosen to maximize contribution to the overall goal of the State Energy Program (SEP), as defined by the following two primary sets of criteria consistent with SEP Program Guidance, the general provisions of ARRA, and the Governor's Economic Recovery Plan:

- Job creation or retention
- Long-term energy and environmental benefits
- Geographic equity

All activities in Massachusetts through the SEP will be adhere to the provisions of the American Recovery and Reinvestment Act (ARRA), applicable program regulations (10 CFR 420 and 10 CFR 600), and the Program Guidance. Such provisions include the:

- preference to quick-start activities, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after the date of the enactment of this Act
- limits on the uses of funds
- use of American iron, steel, and manufactured goods unless waived for allowed reasons
- prevailing wages for all labor
- not supplanting existing funds

Planned Activities

Activities planned under SEP focus on energy efficiency and renewable energy at public facilities and through a competitive solicitation. SEP activities at public facilities are limited to state government and quasi-public authorities since energy activities in local government will be funded through other Federal formula grants, including the Energy Efficiency and Conservation Block Grant (EECBG) and the State Revolving Fund (SRF) for Waste Water and for Drinking Water.

Public Facilities

Public facilities at the state level include a wide range that Massachusetts citizens interact with and rely on every day: state agencies, the University of Massachusetts system, state and community colleges, state public housing, and quasi-public authorities such as the Water Resources Authority, Convention Center Authority, and MBTA. In advance of the ARRA, the Governor initiated a mobilization effort to identify “shovel-ready” opportunities, including a task force focused on clean energy at these facilities. The task force identified \$1.16 billion in projects.

With only \$54.9 million available, we plan to leverage SEP funds. We will do this using performance contracts financed with either private capital, Clean Renewable Energy Bonds, Energy Conservation Bonds, or tax-exempt bonds. SEP funds will be used to “buy down” the cost of projects to a level that is financeable. In addition, funds will be used to ensure the technical and project management expertise necessary to advance projects as quickly as possible.

Our planned activities include:

- Comprehensive energy efficiency retrofits at a large number facilities, including biomass-based heating and solar hot water where appropriate
- 15 to 30 MW of solar PV, made up of larger system sizes, bundled to provide the lowest possible installed cost and open to municipalities to use with their EECBG or SRF funds, with the option of leveraging private sector funding via power purchase agreements
- Wind projects of 1-2 turbines at an advanced stage at a few state facilities

Fast Track Clean Energy Competitive Solicitation

The dynamic clean energy cluster in Massachusetts has already generated a large number of proposals for SEP funds. The Private Development Task Force from the Governor’s mobilization effort recommended expanded funding for the use of solar in private buildings and grants and loans to entrepreneurial clean energy companies. Other proposals have included expanding energy efficiency programs to oil-heat customers, programs or individual projects for deep retrofits at residential or commercial buildings, and revolving loan funds for energy efficiency.

In order to most effectively allocate funds, DOER plans to issue a fast track Request For Proposals (RFP) next month. Proposals would be due within 6 weeks and award will occur within 2 weeks of submission. Evaluation would be based on a number of criteria consistent with SEP Program Guidance, ARRA, and the Governor’s Economic Recovery Plan:

- Job creation or retention
 - Is project ready to employ people
 - Leverages at least an equal amount of non-Federal funds
 - Cannot be funded through other means or meets an under-served need
- Long-term energy and environmental benefits
 - Saves energy
 - Increases generation from renewable sources
 - Reduces greenhouse gas emissions
- Geographic equity
- Likelihood of success
- Sustainability beyond stimulus

The greatly expanded SEP program this year offers a unique opportunity to Massachusetts to create jobs while investing in energy and environmental benefits. Our planned activities ensure that we will fully capitalize on this opportunity.